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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/895,977	06/29/2001	Michael Joseph Calderaro	AUS9-2001-0235-US1	9300
40412	7590	09/26/2005	EXAMINER	
IBM CORPORATION- AUSTIN (JVL)			CHOI, PETER H	
C/O VAN LEEUWEN & VAN LEEUWEN			ART UNIT	PAPER NUMBER
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Please find below and/or attached an Office communication concerning this application or proceeding.

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1.1

<b>Office Action Summary</b>	Application No.	Applicant(s)	
	09/895,977	CALDERARO ET AL.	
	Examiner	Art Unit	
	Peter Choi	3623	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### **Status**

1) Responsive to communication(s) filed on 29 June 2001.

2a) This action is FINAL.                            2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### **Disposition of Claims**

4) Claim(s) 1-20 is/are pending in the application.

4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.

5) Claim(s) \_\_\_\_\_ is/are allowed.

6) Claim(s) 1-20 is/are rejected.

7) Claim(s) \_\_\_\_\_ is/are objected to.

8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### **Application Papers**

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### **Priority under 35 U.S.C. § 119**

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All    b) Some \* c) None of:

1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### **Attachment(s)**

<p>1)<input checked="" type="checkbox"/> Notice of References Cited (PTO-892)</p> <p>2)<input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)</p> <p>3)<input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date <u>8/15/05</u>.</p>	<p>4)<input type="checkbox"/> Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.</p> <p>5)<input type="checkbox"/> Notice of Informal Patent Application (PTO-152)</p> <p>6)<input type="checkbox"/> Other: _____.</p>
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## DETAILED ACTION

1. Claims 1-20 are pending in the application.

### *Claim Rejections - 35 USC § 101*

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-7 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the “progress of science and the useful arts” (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory

subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, claims 1-7 only recite an abstract idea. The recited method for analyzing attrition risk for employees does not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of pencil and paper. The claimed invention, as a whole, is not within the technological arts as explained above, and claims 1-7 are deemed to be directed to non-statutory subject matter.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the recited steps receive and store planning factor data and employee data and analyze and copy the data to an employee profile (useful, tangible and concrete).

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 1-7 are deemed to be directed to non-statutory subject matter.

***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Paizis (U.S Patent #6,338,042) in view of Walker Information Global Employee Relationship Benchmark Reports from 1999 and 2000 (herein after referred to as Walker).

As per claim 1, Paizis teaches a method for analyzing attrition risk for employees, said method comprising:

- (a) receiving planning factor data (**employee data from performance evaluations such as employee competency and contributions**) from a user, the planning factor data corresponding to one or more employees [Figures 5A, 5B and 5C, Column 5, lines 34-48, Claims 1 and 6];
- (b) storing the planning factor data in employee profile data areas (**current status section 502**), wherein each employee profile data area corresponds to one of the employees [Figures 5A, 5B and 5C]; and
- (c) retrieving actual employment data (**current salary and names of employees**) for each of the employees in the employee profile data areas (**current status section 502**) [Column 9, lines 19-21, Figures 5A, 5B and 5C].

The planning factor data taught by Paizis is based on employee performance evaluations and does not focus on the risk of employee attrition. However, Walker teaches data (survey results) of employees which revealing statistical breakdowns of employee loyalty, and their likelihood of staying with the company [Pages 2 and 3 of the Walker 2000 Global Report, Pages 2-4 of the Walker 1999 U.S Report].

Paizis is directed towards considering employee worth in determining employee compensation (which impacts employee retention). Walker is directed towards an analogous art of studying employee relationships with their employer and its impact on loyalty and commitment (leading to employee retention); thus, it would have been obvious to one of ordinary skill in the art at the time of invention to modify the teachings of Paizis to include data pertaining to the risk of employee attrition in order to allow companies to take into consideration the factors impacting employee loyalty and commitment, which may lead to modifications to company policy and procedures in order to foster a greater sense of loyalty and commitment from employees, and establishing greater levels of fairness, trust, care, and concern from employers, leading to increased levels of employee retention, loyalty, and commitment.

Although not explicitly taught by Paizis, Walker teaches:

(d) analyzing attrition risk (**determining levels of employee commitment and intent to stay, embodied in a “loyalty quadrant”**) for one or more of the

employees using the risk planning factor data (**survey results of global employees pertaining to their commitment and loyalty to their employers and why they feel that way**) and the actual employment data [Page 2 of the Walker 2000 Global Report, similar data found on Page 2 of the Walker 1999 U.S Report].

It would have been obvious to one of ordinary skill in the art at the time of invention to modify the teachings of Paizis to combine employee data with studies on employee loyalty and commitment, because the combination would enable the company to determine the attrition risk of employees and accordingly develop changes in company policy or procedures in order to improve employee loyalty and commitment, which may lead to a decrease in employee attrition.

Claims 8 and 14 recite limitations (receiving and storing employee risk planning factor data and employment data, analyzing attrition risk of employees using received data) similar to those of claim 1 as discussed above; therefore, the same rejection applies.

As per claim 2, Paizis teaches the method as described in claim 1 further comprising:

(c) retrieving contribution data (**measuring levels of contribution of employees, where levels of contribution may include contributions to leadership, overall business results or goals; obtaining contribution scores, which reflect the**

**overall perceived levels of contribution of individuals in a position**) included with the actual employment data corresponding to the employees [Column 4, lines 33-35, 49-50, and 53-54, Column 5, lines 60-63, Claims 1, and 6 ].

Although not explicitly taught by Paizis, Walker teaches:

(a) retrieving motivators and inhibitors (**availability of other job opportunities, fair pay, family-friendly benefits, freedom to make decisions, ability to manage own work, supervisors paying attention to how people feel, fairness at work, care and concern for employees, trust in employees, ethical environment of employees and supervisors**) included with the risk planning data corresponding to the employees [Pages 3-5 of the Walker 2000 Global Report, Pages 2-4 of the 1000 Walker U.S Report ]; and

(b) calculating a flight risk (**likelihood of employees who are truly loyal {like the company and want to stay}, accessible {like the company, but might switch jobs}, trapped {staying with the company but are “undesirable” employees}, and high risk {halfway out the door}**) based on the motivators and inhibitors [Page 2 of the Walker 2000 Global Report, Pages 1-3 of the 1999 Walker U.S Report {which also includes a breakdown by industry} ].

As per element (d): Paizis teaches the ranking of employees according to a weighted score of employee competencies and contributions. Walker teaches the step of assigning a risk quadrant (**loyalty quadrant**) from a plurality of risk quadrants to each

of the employees based on the flight risk corresponding to each employee [Page 2 of the Walker 2000 Global Report].

Paizis is directed towards considering employee worth in determining employee compensation (which impacts employee retention). Walker is directed towards an analogous art of studying employee relationships with their employer and its impact on loyalty and commitment (leading to employee retention); thus, it would have been obvious to one of ordinary skill in the art at the time of invention to combine the teachings of Paizis of Walker to assign a risk quadrant to each employee based on a weighted score of their flight risk and contributions, because it would enable the company to cluster employees into groups of similar flight risk and contribution levels, leading to the “prioritizing” of employees who should be targeted for retention since certain combinations of flight risk and contributions are more desirable than others (i.e., high contribution, high flight risk vs. low contribution, high flight risk, etc.).

Claims 9 and 15 recite limitations (retrieving employee motivators and inhibitors to calculate a flight risk, placing employees into risk quadrant based on their contribution and flight risk) similar to those of claim 2 as discussed above; therefore, the same rejection applies.

As per claim 3, although not explicitly taught by Paizis, Walker teaches the method as described in claim 2 further comprising displaying a summary corresponding

to each risk quadrant (**quadrants are labeled, Truly Loyal, Accessible, Trapped, and High Risk**) [Page 2 of the Walker 2000 Global Report, Pages 1-2 of the Walker 1999 U.S. Report].

Claims 10 and 16 recite limitations (displaying risk quadrant summaries) similar to those of claim 3 as discussed above; therefore, the same rejection applies.

As per claim 4, Paizis teaches the method as described in claim 3 further comprising:

- (a) displaying a plurality of groupings (**rankings**) [Column 6, line 23];
- (b) receiving a risk quadrant selection and a grouping selection from the user (**selecting an employee to be analyzed to determine a need to modify their pay value data**) [Column 3, lines 1-2];
- (c) summarizing employee profile data assigned to the selected risk quadrant using the selected grouping creating a second summary (**generating a display including a representation of the suggested level of compensation for each individual in the group of individuals** {which can inherently be aggregated within each quadrant to provide a summary}) [Claim 1]; and
- (d) displaying the second summary (**generating a display including a representation of the suggested level of compensation for each individual in the group of individuals**) [Claim 1].

Claims 11 and 17 recite limitations (displaying groupings of employees, summarizing and displaying employee profile data assigned to risk quadrants selected by the user) similar to those of claim 4 as discussed above; therefore, the same rejection applies.

As per claim 5, Paizis teaches the method as described in claim 3 further comprising:

- (b) determining whether incentives are desired for one or more selected employees in the selected risk quadrant (**modifications to the target market pay for individuals**) [Column 7, lines 12-13, 16-26, ]; and
- (c) modifying incentive data (**computing suggested target market pay or modified pay levels**) included in employee profile data areas corresponding to the selected employees [Column 7, lines 16-50].

Paizis does not explicitly teach:

- (a) selecting one of {the employees in one of} the risk quadrants [an inherent step that enables a determination to be made regarding a need to modify pay value data].

However, Paizis does teach the step of selecting individual employees in order to make a determination of modifying target market pay values [Column 3, lines 1-2]. Each employee inherently belongs to one of the defined risk quadrants; thus, Paizis

effectively teaches the step of selecting a risk quadrant, meeting the limitation of the claim.

Claims 12 and 18 recite limitations (selecting a risk quadrant to determine whether employees in said risk quadrant should receive modifications to their incentive data profile) similar to those of claim 5 as discussed above; therefore, the same rejection applies.

As per claim 6, Paizis teaches the method as described in claim 5 further comprising:

(a) **reassigning the risk quadrants (after the changed target market pay information is obtained, revised rankings are displayed; re-ranking employees) for the employees in response to the modified incentive data [Column 7, lines 24-26, Column 9, line 64 - Column 10, line 3, and Claim 8]; and**

(b) **displaying a second summary corresponding to each risk quadrant (generating a display including a representation of the suggested level of compensation for each individual in the group of individuals {which can inherently be aggregated within each quadrant to provide a summary}) [Claim 1].**

Claims 19 recite limitations (use modified incentive data to reassign employees into risk quadrants and display summaries of each risk quadrant) similar to those of claim 6 as discussed above; therefore, the same rejection applies.

As per claim 7, Paizis teaches the method as described in claim 1 further comprising:

- (b) displaying the identified employees to the user (**employee rankings are displayed in step 324 such that a user may review the rankings**) [Column 6, lines 23-24];
- (c) determining whether to provide incentives to one or more of the identified employees (**modifications to the target market pay for individuals**) [Column 7, lines 12-13, 16-26, ]; and
- (d) revising (**making changes to**) incentive planning data (**computing suggested target market pay or modified pay levels**) corresponding to one or more identified employees in response to the determination [Column 7, lines 16-50].

Paizis does not explicitly teach:

- (a) identifying one or more employees with a high contribution level and a high attrition risk:

However, Paizis teaches the display of employee rankings, which enables the user to identify users with certain characteristics such as high or level contribution levels and competency scores [Column 6, lines 23-24, Figures 5A, 5B, and 5C]. Furthermore, Paizis teaches the use of computer spreadsheets, enabling employees to be sorted according to contribution level, competency score, or combined score.

Walker teaches the analysis of attrition risk (**determining levels of employee commitment and intent to stay, embodied in a “loyalty quadrant”**) for one or more of the employees(**survey results of global employees pertaining to their commitment and loyalty to their employers and why they feel that way**) [Page 2 of the Walker 2000 Global Report].

Paizis is directed towards considering employee worth in determining employee compensation (which impacts employee retention). Walker is directed towards an analogous art of studying employee relationships with their employer and its impact on loyalty and commitment (leading to employee retention); thus, it would have been obvious to one of ordinary skill in the art at the time of invention to combine the teachings of Paizis of Walker to combine employee data regarding contribution level and attrition risk, because it would enable the company to cluster employees into groups of similar flight risk and contribution levels, leading to the identification and “prioritizing” of employees who should be targeted for retention by being approached with an intent to modify their compensation package to increase the likelihood of retention, loyalty, and commitment, since certain combinations of flight risk and contributions are more desirable than others (i.e., high contribution, high flight risk vs. low contribution, high flight risk, etc.), and because any increase in an employee’s compensation package (to ensure retention) is still less costly than the cost incurred in training new hires.

Claims 13 and 20 recite limitations (identifying at-risk employees with high contribution levels and determining whether to provide revisions to the incentive planning data of such employees) similar to those of claim 7 as discussed above; therefore, the same rejection applies.

As per claim 8, Paizis teaches an information handling system comprising:

- (a) one or more processors (**CPUs 632**) [Column 11, lines 10-12];
- (b) a memory (**memory devices which include a first primary storage device 634 that is typically RAM, and a second primary storage device 636 that is typically ROM**) accessible by the processors [Column 11, lines 12-35];
- (c) one or more nonvolatile storage devices (**mass memory device 638**) accessible by the processors [Column 11, lines 25-35]; and
- (d) an attrition risk tool to analyze attrition risk of employees, the attrition risk tool including:
  - (i) means for receiving risk planning factor data from a user, the planning factor data corresponding to one or more employees [see discussion of claim 1(a) above];
  - (ii) means for storing the risk planning factor data in employee profile data areas, wherein each employee profile data area corresponds to one of the employees [see discussion of claim 1(b) above];

(iii) means for retrieving actual employment data for each of the employees in the employee profile data areas [see discussion of claim 1(c) above]; and

(iv) means for analyzing attrition risk for one or more of the employees using the risk planning factor data and the actual employment data [see discussion of claim 1(d) above].

### ***Conclusion***

5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Andrea Healey's "Going Beyond Pay: Companies Lure Employees with "Perks" " teaches that companies offer non-cash rewards such as flexible work schedules, free sodas, onsite massages, access to "gurus", academic and high-level professionals, elder care referral, dry cleaning and concierge services, and close working relationships with colleagues.

Diane Lewis' "As Workers Learn To Be Free Agents, Firms Put New Stress On Retention" teaches that companies are offering perks such as BMWs, resort trips, stress management seminars, and massage therapy to help keep employees happy, productive, stress free, and committed to their jobs.

Jennifer Liptow's "You Really Like Me!" teaches that employers need to offer incentives above and beyond to keep their staff members motivated, whether it's bonuses, career development, increased flexibility or special days off. Some examples are the "spotted" program at The Enrichment Group in Miami, a combination of base salary and billable hours, bonuses for timely quarterly reports and up-to-date ledgers, bonuses for the company reaching its gross quarterly goals, annual bonuses tied to individual performance, receiving pay at or above market value in addition to a bonus based on the profit of the firm, career development, monthly technical meetings, teamwork, weekly Monday meetings, quarterly retreats, half-day retreats, half-days of personal time each month, family-friendly offices, employees getting their birthday off, celebrating staff members birthdays with a monthly cake, free soda and coffee, payment of half a membership to a health club, individual offices, and three to four weeks of vacation time.

Gerald Lazar's "Keep Your Key People" teaches that salaries and incentives are the most obvious inducements for retaining an engineer, but they may not be the most important. Engineers look beyond stability when looking at a company, considering the company culture and climate. Part of the corporate culture is reflected in the flexibility of the work environment and a concern for employees' families. Employees are allotted to telecommute or use flex time. Employees who have been with the company for a long time are offered sabbaticals. Beyond the base salary, engineers also receive stock

options, profit sharing, awards for innovation, author encouragement programs, economic value-add bonuses, and continuing education programs.

Shankar Ganesan and Barton Weitz's "The Impact of Staffing Policies On Retail Buyer Job Attitudes and Behaviors" teach that internal promotions increase motivations of employees, fostering increased employee commitment and loyalty.

Carl Fey, Pontus Engstrom, and Ingmar Bjorkman's "Doing Business in Russia: Effective Human Resource Management Practices For Foreign Firms in Russia" teaches monetary and non-monetary issues, and how they factor in an employee's commitment and loyalty to a company, and how certain factors are especially effective in retaining employees.

Zitaner et al. (U.S Patent #6,741,993) teaches a system and method for implementing and administering a competitive rewards database.

Honarvar (U.S Patent #6,321,206) teaches a software-based decision management system that allows an organization to monitor and evaluate client performance data. Clients are segmented and categorized into a plurality of categories, and an attrition risk for each client is calculated.

Tremain (U.S Patent #5,819,231) teaches a compensation planning tool and method that ranks employees and determines a compensation plan based on their value/worth.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Peter Choi whose telephone number is (571) 272 6971. The examiner can normally be reached on M-F 8-5.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tariq Hafiz can be reached on (571) 272-6729. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

PC  
September 13, 2005

*Susanna Diaz*  
**SUSANNA M. DIAZ**  
**PRIMARY EXAMINER**

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